TAX AND TRUST FUND PROVISIONS OF H.R. 6

(FINANCING OF PORT DEVELOPMENT AND INLAND WATERWAYS)

Scheduled for a Markup

by the

COMMITTEE ON WAYS AND MEANS

on September 18, 1985

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

September 18, 1985

JCX-21-85

INTRODUCTION

H.R. 6 ("Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985") was reported by the House Committee on Public Works and Transportation on August 1, 1985 (H.Rep. No. 99-251, Part 1). the bill was then sequentially referred to the Committee on Interior and Insular Affairs, the Committee on Merchant Marine and Fisheries, and the Committee on Ways and Means.

The Committee on Ways and Means held a public hearing on the revenue and trust fund provisions of the bill on September 5, 1985.[1] The Committee on Interior and Insular Affairs and the Committee on Merchant Marine and Fisheries have approved amendments to H.R. 6.

This document,[2] prepared by the staff of the Joint Committee on Taxation, provides a summary comparison of present law and the tax and trust fund provisions of H.R. 6 as reported by the Committee on Public Works and Transportation. The comparison of provisions also indicates the revenue-related amendments approved by the Committee on Interior and Insular Affairs and the Committee on Merchant Marine and Fisheries.

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[1] See Joint Committee on Taxation, Revenue-Related Provisions of H.R. 6 ..... (JCX-13-85), September 4, 1985.

[2] This document may be cited as follows: Joint Committee on Taxation, Tax and Trust Fund Provisions of H.R. 6 (JCX-21-85), September 18, 1985.

ITEM	PRESENT LAW	H.R. 6, AS REPORTED BY PUBLIC WORKS AND TRANSPORTATION COMM.	PROPOSAL
I. Cargo Tax and Port Development Trust Fund			
A. Cargo Tax			
1. Imposition of tax	No specific tax imposed for ports and harbors.	1. Imposes a new 0.04 percent (4 cents per $100) tax, on the value of commercial cargo loaded on or unloaded from a vessel at a port in the U.S. (Bill as approved by Merchant Marine Comm. would designate charge as a "fee," and provide administrative structure for the fee.)	1. Same tax as in bill reported by Public Works and Transp. Comm.
2. Coverage of tax		2. Public Works and Transportation Committee Report indicates intention of exempting from tax the initial landing of U.S. harvest fish and seafood. (Bill as approved by Merchant Marine Comm. would exempt imports through U.S. ports destined to Canada or Mexico impose tax on vessel imports through Canada and Mexico when transported to U.S.) (Bill as reported by Interior Comm. would exempt U.S. territories and possessions.)	2. a. Provide statutory exemption for initial landing of U.S. harvested fish and other seafood. b. Waive the new cargo tax where the St. Lawrence Seaway toll charge is imposed.

ITEM	PRESENT LAW	H.R. 6, AS REPORTED BY PUBLIC WORKS AND TRANSPORTATION COMM.	PROPOSAL
3. Payment of tax		3. Tax is to be paid (a) by the importer for imported cargo; (b) by the exporter for exported cargo; and (c) by the shipper for any other cargo loaded on a vessel at a U.S. port.	3. Same as H.R. 6.
4. Collection of tax	4. The IRS generally collects and administers Federal taxes. (The Bureau of Alcohol, Tobacco, and Firearms administers certain excise taxes.)	4. Collection and Administration per Treasury regulations.	4. Determined under Treasury regulations, with techni enforcement provisions.
5. Effective date		5. October 1, 1985.	5. January 1, 1986.
6. Revenue effect		6. Estimated revenues (millions).--	6. Estimated revenues (millions).--

	FY86	FY87	FY88	86-88
Trust Fund receipts	164	189	207	560
Net budget receipts	123	142	155	420

	FY86	FY87	FY88	86-89
Trust Fund receipts	123	189	207	519
Net budget receipts	92	142	155	389

ITEM	PRESENT LAW	H.R. 6, AS REPORTED BY PUBLIC WORKS AND TRANSPORTATION COMM.	PROPOSAL
B. Trust Fund			
1. Establishment of Trust Fund	1. Federal ports and harbors projects are financed from general fund revenue appropriations.	1. Establishes new Port Infrastructure Development and Improvement Trust Fund in the Treasury.	1. Same as H.R. 6, except place provisions in the Internal Revenue Code.
2. Revenues to the Trust Fund	2. Customs duties generally go into the general fund, and are not dedicated to specific expenditures. However, under P.L. 96-451, the Reforestation Trust Fund receives up to $30 million per year from import duties on plywood and lumber (for fiscal years 1980-1985).	2. Trust Fund revenues from-- a. New 0.04 percent cargo tax (see above); and b. Customs duties (when added to cargo tax revenues would total $1 billion per fiscal year).	2. Trust Fund revenues from-- a. New 0.04 percent cargo tax; and b. General fund revenues (when added to cargo tax revenues totals $1 billion per fiscal year).
3. Expenditures from Trust Fund		3. Amounts in Trust Fund available for planning (including feasibility studies), construction, operation, and maintenance costs for port projects and St. Lawrence Seaway port projects, certain relocation costs, and reimbursements and grants to non-Federal interests.	3. Same as H.R. 6.
4. Effective date		4. October 1, 1985.	4. January 1, 1986.

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II. Inland Waterways Trust Fund and Fuel Tax			
A. Trust Fund Tax Revenues	A. A fuel tax is imposed on diesel and other liquid fuels used by commercial cargo vessels on specified inland or intracoastal waterways. The present tax rate is 8 cents per gallon, and is scheduled to increase to 10 cents per gallon on October 1, 1985.	A. No change in tax rate.	A. Same as H.R. 6.
B. Waterways Specified for the Fuel Tax	B. 26 inland and intracoastal waterways are specified for vessels being subject to the fuel tax.	B. Adds portion of Tennessee-Tombigbee Waterway, from Pickwick Pool on the Tennessee River to Demopolis, Ala. on the Tombigbee River.	B. Same as H.R. 6.
C. Trust Fund Statute	C. Inland Waterways Trust Fund currently outside the Trust Fund Code.	C. No change.	C. Place the Inland Waterway Trust Fund in the Internal Revenue Code (Trust Fund Code).

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D. Trust Fund Expenditures	D. Trust Fund amounts (from the waterway fuel tax, see above) are available for construction and rehabilitation expenditures for navigation on the specified waterways subject to the fuel tax. (As of the end of fiscal year 1985, there was an estimated $192 million available in the Trust Fund, as no appropriations have been made out of the Trust Fund.)	D. Trust Fund amounts are to finance-- (1) One-third of the construction costs for 7 specific waterway lock and dam projects (the total cost of which is $1.151 million); and (2) One-sixth of the cost of relocation of pipelines, electric or communications cable or line, or related facilities authorized in connection with such inland waterway projects.	D. Same as H.R. 6.